



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

May 15, 2009

Robert Kilpatrick, VP and General Manager
BAE Systems, San Diego Ship Repair, Inc.
2205 East Belt Street
San Diego, CA 92113

Dear Mr. Kilpatrick:

**RE: FINAL MONITORING VISIT REPORT for BAE Systems, San Diego Ship Repair, Inc.
ET07-0344**

| | |
|-------------------------------|---|
| Date of the Visit: | 5/12/09 |
| Beginning/Ending Time: | N/A |
| Date of Last Visit: | 1/23/09 |
| Visit Location: | Via teleconference |
| Persons in attendance: | Mary Bright, Training Manager, BAE SDSR; Tom Bright, President, Quality Training Systems; Jaymes Green, Administration, Quality Training Systems; and Krista Campion, Contract Analyst, Employment Training Panel |
| Action Required: | NO |

CONTRACT INFORMATION

| | | | |
|---|---------------------|-----------------------------|-----------|
| Term of Agreement: | 05/15/07 – 05/14/09 | Agreement Amount: | \$350,892 |
| Training Start Date: | 5/16/07 | No. to Retain: | 513 |
| Date Training must be Completed: | 2/13/09 | Range of Hours: | 24 – 80 |
| Type of Trainee: | Retrainee | Weighted Ave. Hours: | 38 |

SACRAMENTO CENTRAL OFFICE
1100 J Street, 4th Floor
SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
NORTH HOLLYWOOD, CA 91602
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE
1065 East Hillsdale Blvd, Suite 415
FOSTER CITY, CA 94404
(650) 655-6930

SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

www.etp.ca.gov
ETP (05/16/2007)

- **HISTORY OF AGREEMENT CHANGES**

The Agreement was executed on 5/29/07. Mr. Green confirmed that training commenced on this project on 5/16/07 and the last day of ETP training was 2/13/09, which allowed for the 90-day retention period to be completed within the term of the Agreement – 5/14/09.

ETP processed two Agreement Modifications during the term of the Agreement. Both Modifications added training topics to Business Skills, Manufacturing Skills and Computer Skills approved curricula.

- **INTERVIEW WITH THE TRAINING MANAGER, MARY BRIGHT**

BAE Systems, San Diego Ship Repair (SDSR) manufactures, repairs, renovates and modernizes marine vessels for the United States Navy, United States Coast Guard, cruise ship owners, and other commercial or civilian companies. This training project was originally designed to train the company's frontline staff in Manufacturing Skills, Computer Skills and Business Skills. Ms. Bright reported that, although BAE SDSR will not earn reimbursement for the maximum ETP Agreement amount, the ETP training was very effective and beneficial to the company.

She stated that overall the ETP training project made a significant impact at the company by increasing the jobs skills of production workers. Additionally, she stated that, as a result of the Lean Six Sigma training, workers were able to successfully implement new processes and reduce waste to the extent that the company realized significant cost savings during the term of the Agreement. These new processes were implemented in the administration and production areas of the company.

Ms. Bright also stated that due to severe production demands and changes in priorities at the corporate level, many trainees were unable to be released for ETP training. As a result, many trainees were dropped because they did not complete the minimum number of hours to qualify for reimbursement (see projected earnings below).

PROJECT STATUS PROVIDED BY THE CONTRACTOR

| | |
|-------------------------------|-----|
| Trainees Started Training: | 461 |
| Enrolled: | 461 |
| Dropped Following Enrollment: | 191 |
| Completed Minimum Hours: | 269 |
| Completed All Training: | 269 |
| Completed Retention: | 269 |

PROJECTED EARNINGS / NUMBER TO RETAIN

Mr. Green confirmed that 269 retrainees (52 percent of planned trainees) have completed the minimum number of hours to qualify for reimbursement, which is consistent with the information in the ETP class/lab tracking system. The per trainee reimbursement for class/lab training is based on the total actual number of training hours completed for each trainee, provided the minimum (24) and no more than the maximum (80) class/lab training hours are completed, and all other Agreement terms and conditions are met.

The 269 retrainees referenced above have completed from 24 to 80 hours of class/lab training, for a grand total of 9,158 hours of training. This equates to a potential reimbursement of \$164,853, assuming that all Agreement performance requirements are met. This amount is approximately 47 percent of the Agreement amount.

INVOICES

Mr. Green confirmed that all 269 retrainees have completed the 90-day retention period, of whom 183 retrainees have been placed. Therefore, there are 86 remaining retrainees who will be billed for final payment. Mr. Green projects to submit the closeout invoice for these 86 retrainees to close out this project within the next few days of the date of this report.

AUDIT

BAE Systems, San Diego Ship Repair will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

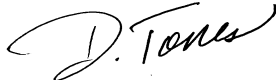
RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years

from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information in this letter, please contact Ms. Campion at 619-686-1917, or at kcampion@etp.ca.gov, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "D. Torres".

Diana Torres, Manager
San Diego Regional Office

A handwritten signature in cursive script, appearing to read "Krista Campion".

Krista Campion, Contract Analyst
San Diego Regional Office

cc: Mary Bright, Training Manager, BAE SDSR
Tom Bright, Quality Training Systems
Kulbir Mayall, Fiscal Manager, ETP
Master File
Project File